

MINUTES

**MONTANA SENATE
59th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON ENERGY AND TELECOMMUNICATIONS

Call to Order: By **CHAIRMAN KEN TOOLE**, on February 1, 2005 at
3:00 P.M., in Room 317-C Capitol.

ROLL CALL

Members Present:

Sen. Ken Toole, Chairman (D)
Sen. Brent R. Cromley (D)
Sen. Aubyn Curtiss (R)
Sen. Jeff Essmann (R)
Sen. Dan Harrington (D)
Sen. Dave Lewis (R)
Sen. Greg Lind (D)
Sen. Dan McGee (R)
Sen. Gary L. Perry (R)
Sen. Glenn Roush (D)
Sen. Carol Williams (D)

Members Excused: None.

Members Absent: None.

Staff Present: Casey Barrs, Legislative Branch
Claudia Johnson, Committee Secretary

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted: None.
Executive Action: SB 235; SB 256; SB 193

EXECUTIVE ACTION ON SB 235

{Tape: 1; Side: A}

Motion/Vote: SEN. ESSMANN moved that SB 235 DO PASS. Motion carried unanimously by voice vote.

EXECUTIVE ACTION ON SB 256

{Tape: 1; Side: A; Approx. Time Counter: 2 - 25.1}

Motion: SEN. TOOLE moved SB 256 DO PASS.

Motion: SEN. TOOLE moved amendment SB025602.acb BE ADOPTED.

Discussion: SEN. TOOLE distributed an amendment. (see Exhibit 1). The amendment lifts the size and restriction for a net meter system. There were concerns about the restriction, but this amendment will change the 50kW to 100kW.

EXHIBIT(ens25a01)

The Committee asked **SEN. WILLIAMS** if it was ok to have a representative for NorthWest Energy speak to the amendment. **Ron Dillon, representing NorthWest Energy**, discussed changing the 50kW to 100kW. **Mr. Dillon** said it was mainly a cost shift, a 100kW end production is \$876,000. The reduction in the transmission charges is approximately .04 cents a kW, or \$35,000 annually on 100kW. He said there are 10 100kW towers, and TO multiply the 10 towers by the 100kw, is the amount of the subsidization.

CHAIRMAN TOOLE said those numbers are important to recognize, because not all of the net meter systems are always at the cap. He said even with the 50kW, not all of the net metering is at the cap. It is his anticipation that if they did raise the cap, not every net metering system would automatically go to 100kW.

Motion/Vote: SEN. ESSMANN moved that AMENDMENT SB025602.acb BE ADOPTED. Motion carried unanimously by voice vote.

CHAIRMAN TOOLE distributed amendment SB025601.acb.

EXHIBIT(ens25a02)

Motion: SEN. TOOLE moved that SB025601.acb BE ADOPTED.

Discussion: **CHAIRMAN TOOLE** said the amendment essentially exempts electric cooperatives. The Cooperatives have different issues, such as; size restrictions, etc.

SEN. LEWIS wanted to know what facility is left. **CHAIRMAN TOOLE** responded that Montana Dakota Utilities(MDU)is left. His main concern is they have zero net metering on their system. The 100 kW would also affect NorthWestern Energy.

SEN. WILLIAMS asked where are the coops in support of this bill. **CHAIRMAN TOOLE** stated that they didn't bring their support wholeheartedly on the bill.

Vote: Motion carried unanimously by voice vote.

{Tape: 1; Side: B}

Motion: **SEN. TOOLE** moved that **AMENDMENT SB02503.acb** BE ADOPTED.

Discussion: **SEN. TOOLE** distributed amendment Exhibit 3. The amendment will give the Public Service Commission the ability to establish what costs would be allowed to repair a net metering system. This amendment also gives authorization, transmission, and metering charges. The PSC will have the opportunity to review and establish rates and provide some oversight.

EXHIBIT(ens25a03)

{Tape: 1; Side: A; Approx. Time Counter: 10.2 - 13.2}

SEN. ROUSH wanted to know if a customer generates power, what does "fully compensated" mean; does it mean 100 percent to reverse what the generator net metered into the system. **SEN. TOOLE** said the members need to look at (a) and (b) together on the amendment, because (a) talks about compensation, and (b) deals with the costs of what the customer can generate to shift back to other customers. **SEN. TOOLE** said if a person had a windmill that is net metered, it is his understanding that it is the PSC criteria to make sure the customer is compensated for the care and everything they have put into the system.

SEN. ROUSH asked if a person is on the net metering system, and puts in a 100kW source such as a windmill generator, can this person be subsidized by selling this electricity back to the company. **SEN. TOOLE** responded this is the reason of the amendment, to stay away from being paid for power, but netted against what is coming in. **SEN. TOOLE** said the PSC has stated there may be some situations where power costs, transmission

costs, and utility costs will not be kW per kW netted. The PSC can make the decision that someone's power is not worth much because there is more transmission.

{Tape: 1; Side: A; Approx. Time Counter: 13.2 - 18.3}

SEN. PERRY asked about (b) in the amendment, if it is referring to the customers generating costs being shifted. **SEN. PERRY** commented about testimony that **John Alke, MDU**, gave about the assumption of eight cents going in, and four cents toward the aborted power cost for full retail rate. **CHAIRMAN TOOLE** said if MDU had a situation with someone netting their power, and assuming they are netting exactly half of their energy, they are essentially not paying anything for their power. The power is coming in, but it is netted back out. He said this bill will allow the PSC to have the ability to work out the conditions of the utility, and have a tariff that would be less or more depending on what the utilities circumstance is.

The question was deferred to **Gary Willis, representing NorthWestern Energy**. **Mr. Willis** said the point **John Alke** was making is that MDU may be eight cents per kW hour including transmission distribution of the four cents versus supply. **Mr. Willis** said it doesn't matter if the power is still being shuffled. If the consumer is still paying for a power box, they are still paying four cents out of the eight cents, which is still shifted to the customers. If the power is supplied by itself, and the amendment takes care of the transmission distribution, there is still a shifting cost to the other customers even if the customer is paying the four cents out of eight cents. **Mr. Willis** said that NW Energy is purchasing energy, but when the consumer that is net metering, they get their power for free, but other consumers are paying for it.

SEN. PERRY said he isn't following the "getting it free" part. He said if they expended the cost of generating, and distribution is accounted for by this amendment, then the consumer is receiving "free" only in the sense that they are returning what they had used through their own generating profit. **Mr. Willis** said that is what net metering does, it spins the consumer's meter backwards.

Motion/Vote: **SEN. TOOLE** moved that **AMENDMENT SB025603.acb** BE **ADOPTED**. Motion carried unanimously by voice vote.

Motion: **SEN. TOOLE** moved that **SB 256 DO PASS AS AMENDED**.

Discussion: **SEN. PERRY** commented that what is returned by net metering will be used, returned, and sold to other customers.

Motion/Vote: SEN. TOOLE moved that SB 256 DO PASS AS AMENDED. Motion carried 7-4 by roll call vote with SEN. CURTISS, SEN. ESSMANN, SEN. LIND, and SEN. MCGEE voting no.

EXECUTIVE ACTION ON SB 193

{Tape: 1; Side: B; Approx. Time Counter: 5 - 10}

Discussion: CHAIRMAN TOOLE discussed SB 193. He distributed six amendments.

EXHIBIT(ens25a04)

Motion/Vote: SEN. WILLIAMS moved that SB 193 BE TABLED. Motion carried 8-3 by roll call vote with SEN. LEWIS, SEN. MCGEE, and SEN. PERRY voting no.

{Tape: 1; Side: B; Approx. Time Counter: 10 - 22}

CHAIRMAN TOOLE discussed a committee bill that he is holding back in the Taxation Committee. The bill deals with eliminating the credit from coal tax.

{Tape: 1; Side: B; Approx. Time Counter: 13 - 22.2}

Motion: SEN. WILLIAMS moved that a COMMITTEE BILL be drafted to eliminate the coal tax credit.

Discussion: CHAIRMAN TOOLE explained the committee bill. The motion is to draft a committee bill that will eliminate the coal tax credit in Sections 15-35-103, etc.

CHAIRMAN TOOLE informed the Committee that a motion to pass a committee bill must pass by a three-quarters vote. The vote has to pass by nine votes to get out of Committee.

Motion/Vote: SEN. TOOLE moved to draft a committee bill to REMOVE COAL TAX CREDIT DO PASS. Motion failed 8-3 by roll call vote with SEN. CURTISS, SEN. LEWIS, and SEN. MCGEE voting no.

ADJOURNMENT

Adjournment: 4:45 P.M.

SEN. KEN TOOLE, Chairman

CLAUDIA JOHNSON, Secretary

KT/cj

Additional Exhibits:

EXHIBIT ([ens25aad0.TIF](#))